Manitoba Association for Resource Recovery Corp.
MARRC

1999 Annual Report

Making every drop count

101-05998/

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Annual General Meeting

Wednesday, March 29, 2000
10:00 am
Radisson Suite Hotel
1800 Wellington Avenue
Winnipeg, Manitoba
R3H 1B2

MARRC - Making waste disappear

Overview of MARRC

The Manitoba Association for Resource Recovery Corp. (MARRC) is a non-profit corporation established in 1997 by manufacturers and marketers of lubricating products in Manitoba. Its mandate is to develop, implement and administer a cost-effective, sustainable, user-financed, province-wide stewardship program for used oil, used oil filters and used oil containers.

MARRC was incorporated under The Corporations Act of Manitoba on April 1, 1997. It operates in accordance with a Letter of Approval issued by Manitoba Environment on February 26, 1998 under Section 7 of the "Used Oil, Oil Filters and Containers Stewardship Regulation" of the Waste Reduction and Prevention Act.

The Corporation derives revenue principally in the form of Environmental Handling Charges (EHCs) applied to the sale or consumption of selected lubricating products in Manitoba. The Corporation's primary expenses are related to the:

- establishment and operation of a publicly-accessible network of licenced collection facilities for used lubricating products,

- payment of Return Incentives to companies licensed by the province and registered with MARRC to collect used lubricating products and transfer them to approved processors and end-users,

- payment of Processing Incentives to companies licensed by the province and registered with MARRC to recycle used lubricating products, and

- development and distribution of public education materials.

MARRC's affairs are managed by a six-person Board of Directors drawn from the member companies of MARRC and from other stakeholder organizations.

MINISTER OF CONSERVATION

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Ron Benson
Executive Director
Manitoba Association for Resource Recovery Corp.
35-1313 Border Street
Winnipeg MB R3H 0X4

Dear Mr. Benson:

I am pleased to see that your Association continues to make progress in recovering used lubricating products from Manitobans.

In the twenty-one months your program has operated, there has been a substantial increase in the recovery of used oil in Manitoba. This is attracting the interests of other jurisdictions who want to copy Manitoba's approach.

I wish you success in your continued efforts to expand the collection infrastructure available to Manitobans and in removing these contaminants from our natural environment.

Sincerely,

Oscar Lathlin
Minister

Manitoba 2000
Our Past. Our Future. Our Celebration.
Notre passé. Notre avenir. Notre fête.

Highlights of 1999

Stewardship program recognized

February — MARRC is nominated under the Non-government Organization category for the 1998 Sustainable Development Awards of Excellence for its used lubricating products stewardship program.

Initiatives drive public awareness and support

March 1 — MARRC participates in the Association of Manitoba Municipalities (AMM) conference and trade show in Brandon. This affords MARRC direct, one-on-one, contact with municipal leaders from throughout Manitoba.

April — MARRC implements spring advertising campaign...

"The Earth Gave Us Oil - But It Doesn't Want It Back"

The primary objectives of the campaign are to:

- promote the EcoCentre network,
- enhance consumer awareness,
- acknowledge public support.

The campaign is supported by advertisements in 17 local newspapers and on 5 radio stations.

May 9 — CJOB - "Talk to the Experts"

MARRC's Chairman and Executive Director participate in a one hour radio talk show that gives the public an opportunity to ask questions and provide comments regarding MARRC's used lubricating products stewardship program.

August 21 — MARRC organizes an ***"EcoDay"*** with the support of 23 communities to encourage Manitobans to recycle their used lubricating products.

- Minister of Environment declares August 21 "EcoDay".
- Media coverage includes advertisements in 25 local newspapers, along with radio remotes at 7 sites.
- Participating consumers are rewarded with prizes and refreshments.

MARRC's follow-up survey with each of the 23 participating communities indicates that consideration should be given to repeating this very successful initiative in future years.

October 29 — At the invitation of the City of Winnipeg's Solid Waste Division, MARRC presents its used lubricating products stewardship program to a delegation from Asahikawa, Japan - which is visiting Canada to study waste reduction and recycling practices.

Highlights of 1999

Business plan on target

November — MARRC provides the Minister of Conservation with an update to its 5 year business plan which ends August 11, 2002. The update complies with a requirement of the Ministry's Letter of Approval to MARRC dated February 26, 1998 and is intended to provide assurance that MARRC is achieving the objectives of its used lubricating products stewardship program.

EcoCentre network continues to expand

December — With 28 EcoCentres in operation outside of Winnipeg at year-end, MARRC has achieved the minimum network objective established in 1996 by the province's multi-stakeholder Used Oil Management Committee. The network will be further expanded by the spring of 2000 as 5 more municipal councils have each passed a resolution and are preparing a licence application to own and operate an EcoCentre.

Four facilities are licenced by Manitoba Conservation for the collection of used lubricating products in Winnipeg. In addition, MARRC is working with the City's Solid Waste Division to implement a program, by May 2000, for the currently underserviced north and west quadrants.

MARRC initiates discussions with the Northern Association of Community Councils Inc. to develop a strategic plan to service remote communities in northern Manitoba.

Training and audits promote safety and compliance

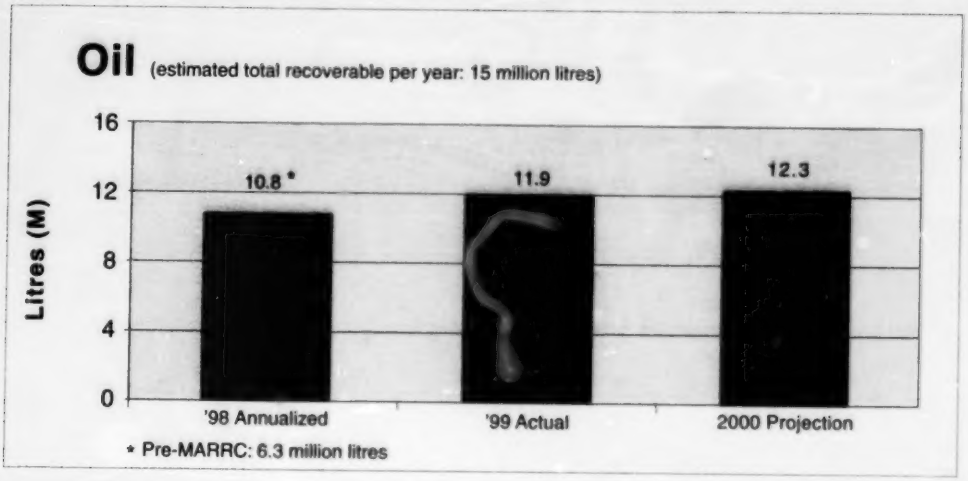
Ongoing — MARRC, as part of its contractual arrangements with owners/operators of collection facilities, provides initial and recurrent on-site training for management and staff. The training, and follow-up audits, are designed to promote a safe operation and compliance with each facility's operating licence issued by Manitoba Conservation. During 1999, MARRC provided training for 90 facility staff and conducted follow-up visits to 18 facilities. In addition, 14 facilities were audited.

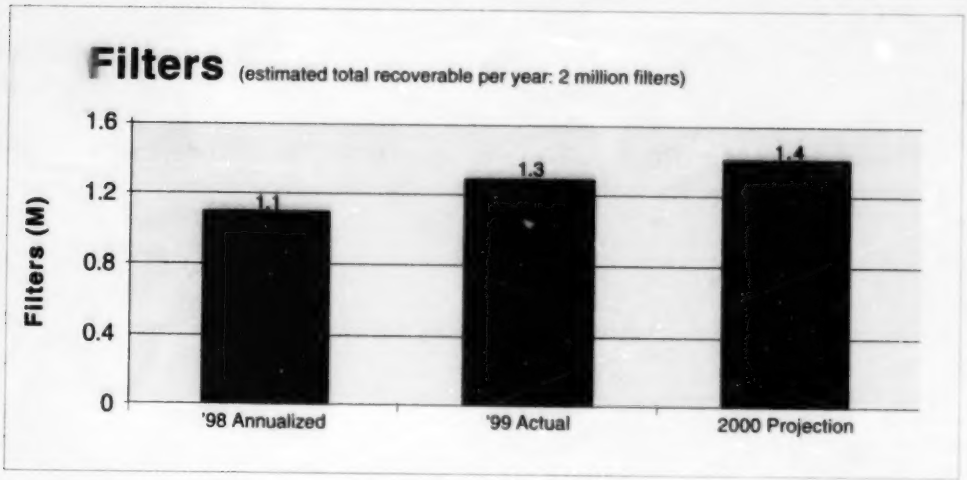
Collection volumes continue to increase

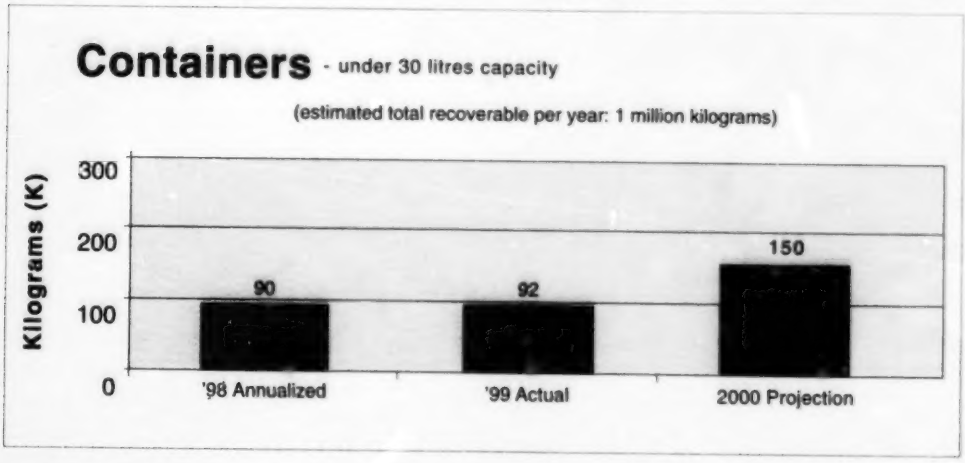
- Used oil: 11.9 million litres (1998 Annualized: 10.8 million)
- Filters: 1.3 million (1998 Annualized: 1.1 million)
- Used oil containers: 92,000 kilograms (1998 Annualized: 90,000)

December — MARRC approves a 20% weighted average increase to the Return Incentive (RI) rate for carriers of used oil containers to enhance collection activities throughout the province.

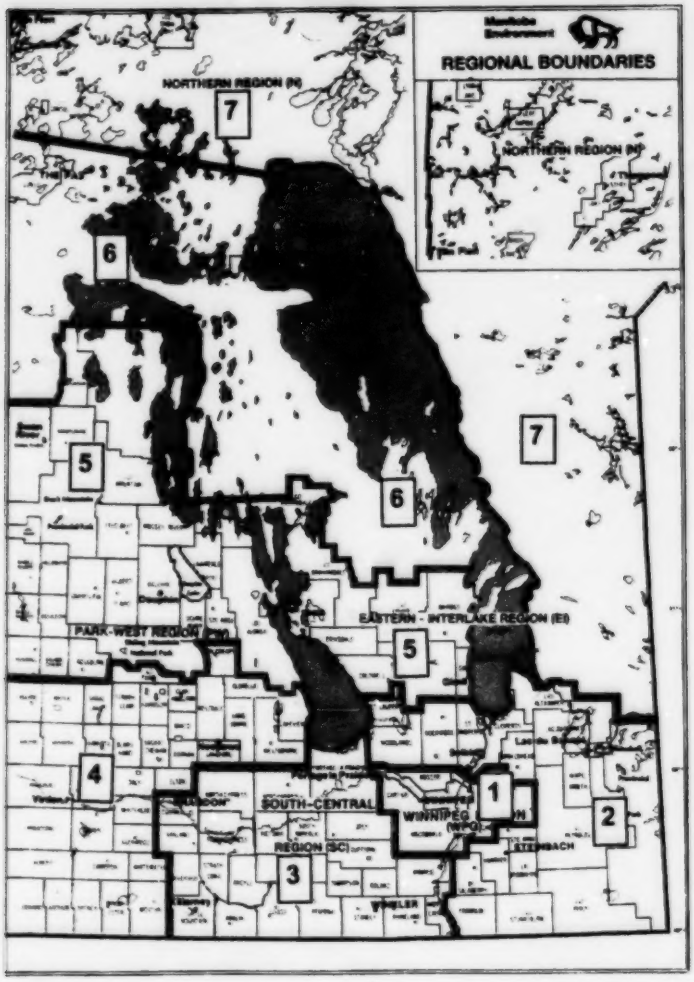
Collection Activity by Product







Collection Activity by Zone

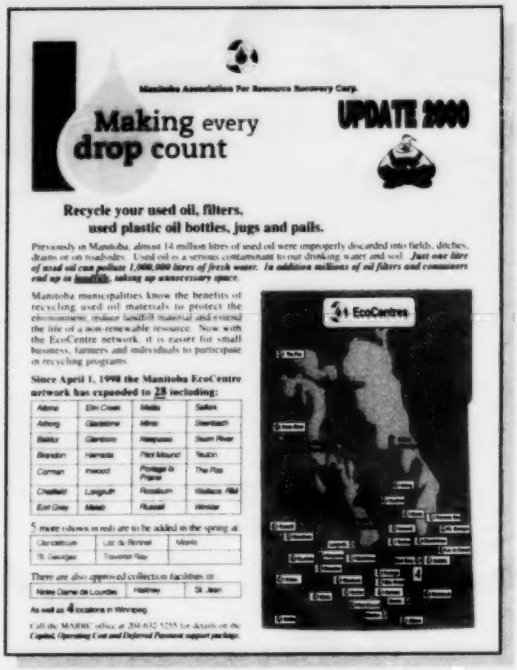


Collection Percentages by Zone

	Zone ►	1		2		3		4		5		6		7	
		'99	'98	'99	'98	'99	'98	'99	'98	'99	'98	'99	'98	'99	'98
%	Oil	66	66	8	10	12	10	3	3	4	4	1	1	6	6
	Filters	59	63	9	8	18	18	5	4	5	5	2	1	2	1
	Containers	54	53	6	16	14	12	7	6	9	7	1	1	9	5

MARRC Making every drop count

Communications



Manitoba Association For Resource Recovery Corp.

Making every **drop** count

UPDATE 2000

Recycle your used oil, filters, used plastic oil bottles, jugs and pails.

Previously in Manitoba, almost 14 million litres of used oil were improperly discarded into fields, ditches, drains or on roadsides. Used oil is a serious contaminant to our drinking water and soil. *Just one litre of used oil can pollute 1,000,000 litres of fresh water. In addition millions of oil filters and containers end up in landfills, taking up unnecessary space.*

Manitoba municipalities know the benefits of recycling used oil materials to protect the environment, reduce landfill material and extend the life of a non-renewable resource. Now with the EcoCentre network, it is easier for small business, farmers and individuals to participate in recycling programs.

Since April 1, 1998 the Manitoba EcoCentre artwork has expanded to 28 including:

Altona	Elm Creek	Melita	Selkirk
Arborg	Glenboro	Minto	Steinbach
Baldur	Glenlea	Neepawa	Swan River
Brandon	Hamiota	Pilot Mound	Teulon
Carman	Inwood	Portage la Prairie	The Pas
Chatfield	Langruth	Rossburn	Wallace, Rbt
Earl Grey	Minitonas	Russell	Winnipeg

5 more (shown in red) are to be added in the spring at:

Dauphin	Lac du Bonnet	Morris
St. Georges	Traverse Bay	

There are also approved collection facilities in:

Notre Dame de Lourdes	Hadley	St. Jean

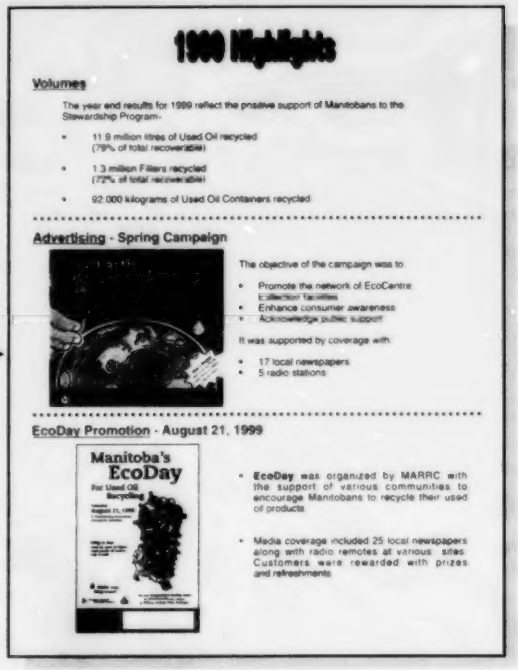
As well as 4 locations in Winnipeg.

Call the MARRC office at 204 632 5255 for details on the *Capital, Operating Cost and Deferred Payment support package.*

EcoCentres

◄Front

Back►



1999 Highlights

Volumes

The year end results for 1999 reflect the positive support of Manitobans to the Stewardship Program-

- 11.9 million litres of Used Oil recycled (78% of total recoverable)
- 1.3 million Filters recycled (72% of total recoverable)
- 92,000 kilograms of Used Oil Containers recycled

Advertising - Spring Campaign

The objective of the campaign was to:

- Promote the network of EcoCentre collection facilities
- Enhance consumer awareness
- Acknowledge public support

It was supported by coverage with:

- 17 local newspapers
- 5 radio stations

EcoDay Promotion - August 21, 1999

Manitoba's EcoDay

For Used Oil Recycling

- **EcoDay** was organized by MARRC with the support of various communities to encourage Manitobans to recycle their used oil products.
- Media coverage included 25 local newspapers along with radio remotes at various sites. Customers were rewarded with prizes and refreshments.

Newsletter sent to rural municipalities and to 1,200 sellers of lubricating products throughout Manitoba

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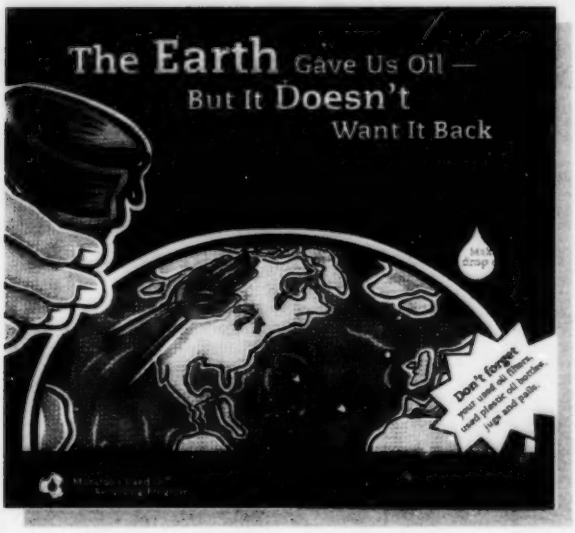
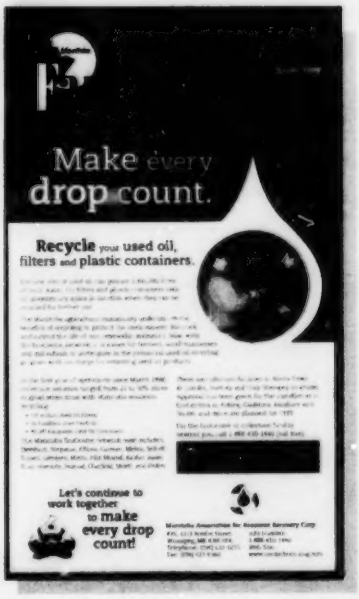


Spring advertising campaign - 17 local newspapers

Supported by radio coverage throughout the province


Make every drop count.
Recycle your used oil, filters and plastic containers.
Let's continue to work together to make every drop count!

Keystone Agricultural Producers Inc. - spring and summer issues of Farmers' Voice magazine

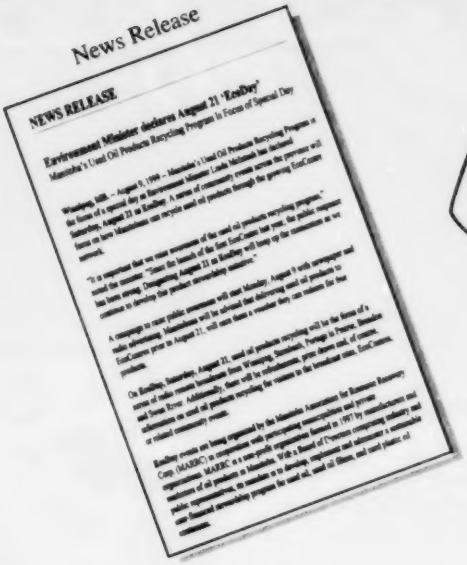
Distributed to 5,000 farmers and municipal offices

Communications

EcoDay - Saturday, August 21, 1999

Organized by MARRC, with the support of 23 communities, to encourage Manitobans to recycle their used lubricating products

News Release



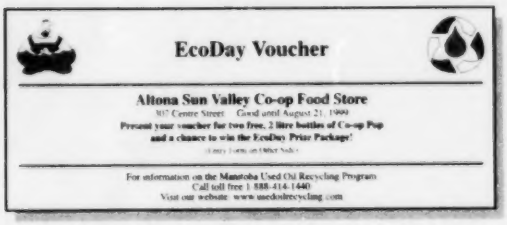
NEWS RELEASE

Environment Minister declares August 21 'EcoDay'
Manitoba's Used Oil Products Recycling Program is Focus of Special Day

T-Shirts

25 Newspapers

Vouchers


EcoDay Voucher
Altona Sun Valley Co-op Food Store
307 Centre Street Good until August 21, 1999
Present your voucher for two free, 2 litre bottles of Co-op Pop
and a chance to win the EcoDay Prize Package!
For information on the Manitoba Used Oil Recycling Program
Call toll free 1-888-414-1440
Visit our website www.usedoilrecycling.com

Banners

Mugs

Radio/TV Remotes

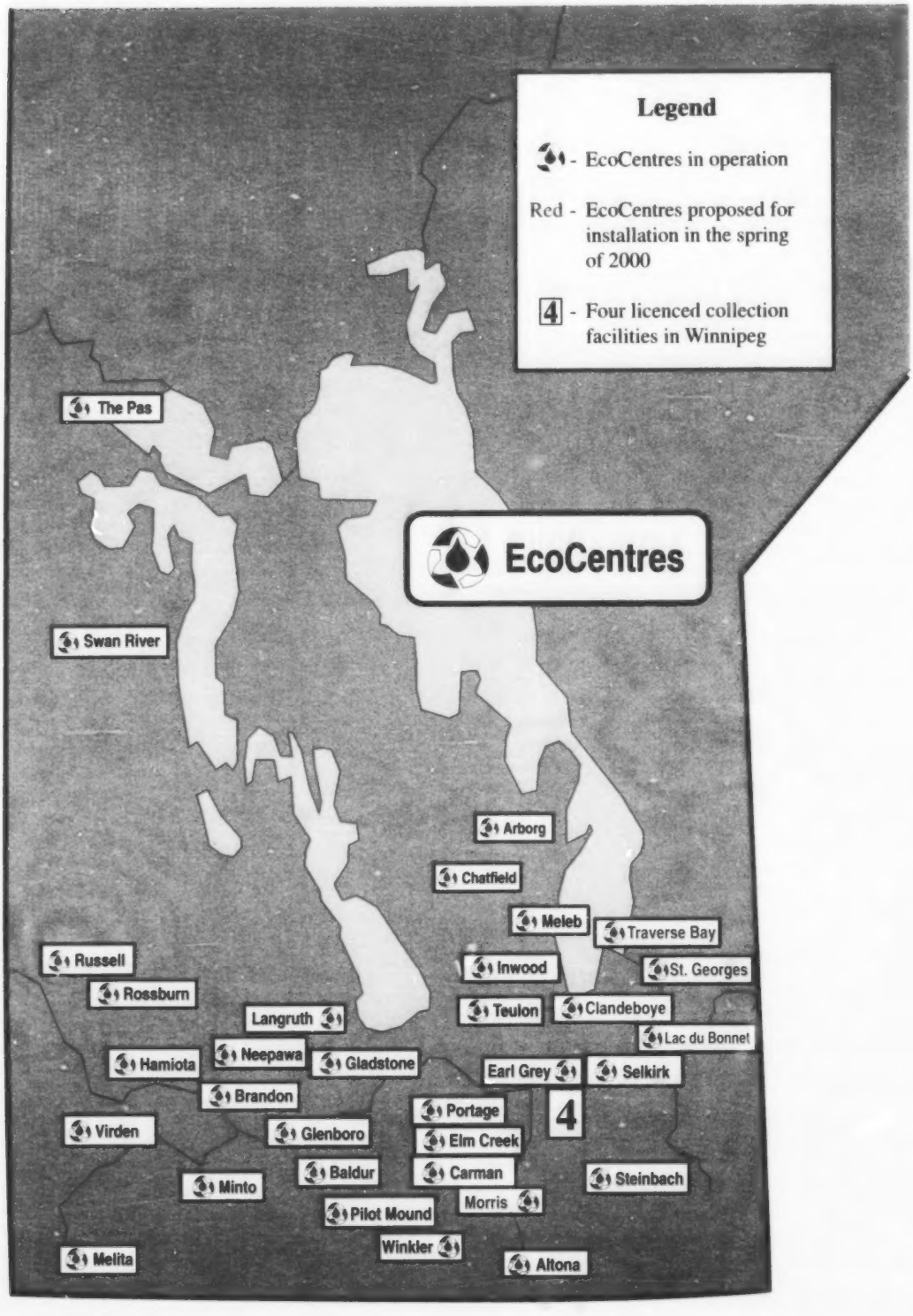
Local Displays

Posters

Refreshments

Draw Prizes

EcoCentre Network ...



... at December 31, 1999

Operational

	Location	Owner/Operator
1	Steinbach	City of Steinbach
2	Carman	Town of Carman
3	Melita	S K L Enterprises Ltd.
4	Altona	Town of Altona / RM of Rhineland
5	Neepawa	Town of Neepawa
6	Selkirk	City of Selkirk
7	Russell	Town of Russell / RM of Russell / RM of Silver Creek
8	Glenboro	RM of South Cypress / Village of Glenboro
9	Minto	RM of Whitewater
10	Pilot Mound	Town of Pilot Mound
11	Baldur	RM of Argyle
12	Swan River	Town of Swan River
13	Hamiota	Town of Hamiota
14	Inwood	RM of Armstrong
15	Chatfield	RM of Armstrong
16	Meleb	RM of Armstrong
17	Virden/RM of Wallace	RM of Wallace
18	Arborg	Town of Arborg / RM of Bifrost / Village of Riverton
19	Gladstone	Town of Gladstone
20	Rossburn	Town of Rossburn / RM of Rossburn
21	Portage la Prairie	Portage & District Recycling Inc.
22	Teulon	Town of Teulon / RM of Rockwood
23	Brandon	City of Brandon
24	RM of St. Andrews/Earl Grey	RM of St. Andrews
25	Langruth	RM of Lakeview
26	Elm Creek	RM of Grey
27	The Pas	Town of The Pas
28	Winkler	Town of Winkler

Approved in 1999 by municipal council for proposed installation in the spring of 2000

29	Morris	Town of Morris
30	Lac du Bonnet	RM of Lac du Bonnet
31	St. Georges	RM of Alexander
32	Traverse Bay	RM of Alexander
33	Clandeboye	RM of St. Andrews

Members of MARRC

49 North Forwarding Ltd.
Ace Hardware Canada Ltd.
Acklands - Grainger Inc.
AGCO Corporation
Airparts Network Ltd.
Alline Automotive Wholesale Ltd.
Alline Supply Inc.
Altrom Canada Corporation
AMSOIL Inc.
Arvin Replacement Products
Baldwin Filters
BestBuy Distributors Limited
Birch Auto/ Farm Supply
BOSS Lubricants
Briggs & Stratton Canada Inc.
Canada Safeway Limited
Canadian Tire Corporation, Limited
Case Corporation
Castrol Canada Inc.
Champion Laboratories, Inc.
Chevron Products Company
Churchill Marine Tank Farm Co.
Cleanair of Manitoba
CORE-MARK International, Inc.
Costco Wholesale Canada
Cummins Mid-Canada Ltd.
D.H. Howden & Co. Limited
DaimlerChrysler Canada Ltd.
Dana Canada Inc.
Donaldson Company, Inc.
Federated Co-operatives Limited
Ford Motor Co. of Canada, Ltd.
Fort Garry Industries Ltd.
Freightliner Limited
Fuchs Lubricants Canada Ltd.
General Motors of Canada Limited
Home Hardware Stores Limited
Honda Canada Inc.
Honeywell Automotive Products
Husky Oil Marketing Company
Hyundai Auto Canada
Imperial Oil
Irving Oil Limited
JKL Enterprises Inc.
Jimmy Diesel Parts Co.
John Deere Limited
Kea Distributing Limited
Kleen-Flo Tumbler Industries Limited
Kubota Canada Ltd.
Lemky Rural Repair
Magnum Oil Mb. Ltd.
Maxim Transportation Services Inc.
Mazda Canada, Inc.
Mercedes-Benz Canada Inc.
Midas Canada Inc.
Midwest Detroit Diesel-Allison Ltd.
Mining Technologies International Inc.
Modern Sales Limited
Mohawk Lubricants Ltd.
Mohawk Oil Co. Ltd.
Motion Industries (Canada) Inc.
Mr. Lube Canada Inc.
NemCo Resources Ltd.
New Holland North America Inc.
Nissan Canada Inc.
Northern Industrial & Auto Ltd.
Northern Titan Equipment Sales Ltd.
Oak Point Oil Distributors
Oil Mart Ltd.
PACCAR of Canada, Ltd. Parts Division
Pauwels Canada Inc.
Pennzoil Products Canada
Petro-Canada Lubricants
Porsche Cars Canada, Ltd.
Powell Equipment Limited
Precambrian Wholesale Limited
Quaker State Inc.
Radiator Specialty Company of Canada Ltd.
Robert Bosch Inc.
Safety-Kleen Canada Inc.
Sears Canada Inc.
Shell Canada Products Limited
Southland Canada, Inc.
Southwestern Petroleum Canada Limited
Strongo Inc., Sheridan Equipment
Suzuki Canada Inc.
Syzygy Auto Distribution Inc.
Texaco Products Inc.
Texas Refinery Corp. of Canada Limited
The North West Company Inc.
TruServ Canada Cooperative Inc.
Toyota Canada Inc.
UAP Inc.
Uni-Select Western Inc.
Valvoline Canada Ltd.
Volkswagon Canada Inc.
Volvo Trucks Canada Inc.
Wal-Mart Canada Inc.
Wallace & Carey Ltd.
Western Star Trucks Inc.
Western Turbo & Fuel Injection Ltd.
Westfair Foods Ltd.
Yamaha Motor Canada Ltd.
Yetman's Ltd.
Zellers/Hudson's Bay Co.

PRICEWATERHOUSECOOPERS

Manitoba Association for Resource Recovery Corp.

Financial Statements
December 31, 1999

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place
Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

February 29, 2000

Auditors' Report

To the Members of
Manitoba Association for Resource Recovery Corp.

We have audited the balance sheet of **Manitoba Association for Resource Recovery Corp.** as at December 31, 1999 and the statements of changes in unrestricted net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

Manitoba Association for Resource Recovery Corp.

Balance Sheet

As at December 31, 1999

	1999 $	1998 $
Assets		
Current assets		
Cash	662,914	182,235
Environmental handling charges receivable	738,378	615,169
Accounts receivable	53,322	45,367
Prepaid expenses and deposits	905	905
	1,455,519	843,676
Capital assets		
Office furnishings and equipment	13,578	13,578
Less: Accumulated amortization	6,688	3,972
	6,890	9,606
	1,462,409	853,282
Liabilities		
Return and processing incentives payable	212,260	210,258
Accounts payable and accrued liabilities	257,161	131,021
	469,421	341,279
Unrestricted net assets	992,988	512,003
	1,462,409	853,282

Approved by the Board of Directors

Director

Director

Manitoba Association for Resource Recovery Corp.

Statement of Changes in Unrestricted Net Assets

For the year ended December 31, 1999

	1999 $	1998 $
Balance – Beginning of year	512,003	(74,845)
Excess of revenue over expenses	480,985	586,848
Balance – End of year	992,988	512,003

Manitoba Association for Resource Recovery Corp.

Statement of Operations

For the year ended December 31, 1999

	1999 $	1998 $
Revenue		
Environmental handling charges	3,190,151	2,434,953
Interest income	20,312	5,392
Membership fees	2,000	3,356
	3,212,463	2,443,701
Expenses		
Return and processing incentives	2,020,440	1,291,559
EcoCentre support costs (note 6)	345,639	246,368
Public relations and promotion (note 7)	102,025	142,655
Wages, contract and benefits	97,335	84,030
Compliance audits	59,810	-
Professional fees	24,953	32,433
Office and administration	21,347	18,389
Directors (note 8)	19,757	1,515
Rent	10,221	10,841
Insurance	6,620	3,383
Telephone and fax	6,546	6,724
Travel and automobile	6,499	9,912
Meetings	5,407	2,262
Amortization	2,716	2,665
Bank charges and interest	2,163	4,117
	2,731,478	1,856,853
Excess of revenue over expenses	480,985	586,848

Manitoba Association for Resource Recovery Corp.

Statement of Cash Flows

For the year ended December 31, 1999

	1999 $	1998 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	480,985	586,848
Item not affecting cash		
Amortization	2,716	2,665
	483,701	589,513
Net change in non-cash working capital items	(3,022)	(317,199)
	480,679	272,314
Investing activities		
Purchase of capital assets	-	(506)
Financing activities		
Loans from members	-	(57,738)
Increase in cash	480,679	214,070
Cash (bank advances) – Beginning of year	182,235	(31,835)
Cash – End of year	662,914	182,235

Manitoba Association for Resource Recovery Corp.

Notes to Financial Statements

December 31, 1999

1 Incorporation and purpose

The corporation was formed by oil and oil filter first sellers in Manitoba to develop, implement and administer a used lubricating products stewardship program in the province and began operation on January 1, 1997. The corporation was incorporated as a not-for-profit organization without share capital under The Corporations Act of Manitoba on April 1, 1997. On February 26, 1998, the corporation received approval to operate its used lubricating products stewardship program from the Minister of Environment, Province of Manitoba.

2 Significant accounting policies

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization of office furnishings and equipment is calculated on a straight-line basis at an annual rate of 20% based on the estimated useful lives of these assets.

Revenue recognition

a) Environmental handling charges

Revenue from environmental handling charges is recognized in the year for which suppliers and end-users assess it, as regulated by the Used Oil, Oil Filters and Containers Stewardship Regulation.

b) Membership fees

The one time membership fees are recorded as revenue when the participating companies join the Association.

Return and processing incentives

The return and processing incentives are recognized as an expense in the year to which the claim relates.

3 Line of credit facility

The corporation has a $200,000 operating line of credit arrangement. Interest is charged at the bank's prime lending rate plus 1/2%. A general security agreement and a general assignment of accounts receivable have been provided as collateral for these advances.

4 Operating lease

The annual minimum rental for leased premises under a lease to October 31, 2000 is $11,031.

MARRC - Making every drop count

5 Commitments

Manitoba Association for Resource Recovery Corp. is obligated to use its unrestricted net assets, in future years, to fund the return and processing incentives, the establishment of EcoCentres and to provide stakeholder communication and public education materials for the used lubricating products stewardship program.

As part of its contractual agreement with each EcoCentre owner-operator, the corporation is committed to provide annual operating support until July 31, 2002. The estimated annual maximum operating support payments for the EcoCentres currently in operation are as follows:

	$
December 31, 2000	176,700
2001	176,700
2002	103,077

6 EcoCentre support costs

	1999 $	1998 $
Investment support	161,616	177,008
Operating support	106,855	21,978
Training and supplies	41,681	30,882
Operational audits	14,236	-
Engineering	12,000	16,500
Market development	9,251	-
	345,639	246,368

7 Public relations and promotion

	1999 $	1998 $
Advertising	58,436	40,169
Promotional material	43,589	58,366
Stakeholder communication	-	36,111
Plan development	-	8,009
	102,025	142,655

MARRC Making every drop count

8 Director fees and expenses

This amount includes $9,000 of director fees paid retroactively for 1998.

9 Comparative figures

The 1998 figures represent ten months of activity from the used lubricating products stewardship program.

10 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

MARRC - Making every drop count

Manitoba Association for Resource Recovery Corp.

Board of Directors and Staff

Back Row:
Ron Benson (Executive Director), Joe Casciano,
Bruce Madison, Aaron Strub (Administrative Assistant)

Front Row:
Lutz Ehrentraut, Donald Morris (Chairman),
Keith Micklash (Secretary), Ken Carels

Board of Directors

Donald Morris, Petro-Canada Lubricants
Chairman

Keith Micklash, Magnum Oil Mb. Ltd.
Secretary Treasurer

Bruce Madison, Dana Canada Inc.
Director

Joe Casciano, Canadian Tire Corporation, Limited
Director

Lutz Ehrentraut, Canadian Automobile Association (CAA)
Director

Ken Carels, Mayor, Town of Melita
Director

Legal Counsel

Fillmore Riley, Barristers & Solicitors

Auditors

PricewaterhouseCoopers, Chartered Accountants

Executive Director

Ron Benson

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Notes